ULLOA FINANCIAL

-Elevate your legacy-

BUSINESS SUCCESSION PLANNING GUIDE

A structured resource for preparing the ownership, leadership, financial, and operational transition of a business.

GUIDE INFORMATION

Business name:	
Owner(s):	
Business structure:	
Date started:	
Primary planning contact:	
Next review date:	

PROTECT CONTINUITY. PREPARE LEADERSHIP. COORDINATE THE TRANSITION.

How to use this guide
Use this resource to clarify your transition objectives, identify gaps, and prepare for conversations with family members, key employees, co-owners, and professional advisors. It is not a substitute for legal, tax, valuation, insurance, lending, or transaction advice.

1. DEFINE THE PURPOSE OF YOUR SUCCESSION PLAN

Succession planning is not limited to retirement. It prepares the business for a planned transfer, an unexpected absence, a leadership change, or an eventual sale or closure.

☐ Preserve the value and continuity of the business.
☐ Provide financial security for the owner and family.
☐ Prepare capable leadership for future responsibilities.
☐ Protect employees, customers, vendors, and other stakeholders.
☐ Create an orderly ownership transfer or sale process.
☐ Reduce uncertainty if the owner becomes disabled or dies.
☐ Coordinate business decisions with personal retirement and estate plans.

SUCCESSION OBJECTIVES

Objective	Why It Matters	Target Timing	People Affected	Current Preparation
Owner retirement				
Leadership transition				
Family ownership transfer				
Employee or partner purchase				
Third-party sale				
Emergency continuity				
Orderly closure				

OWNER VISION

In my preferred transition, the business would ____
____

2. DOCUMENT THE CURRENT BUSINESS STRUCTURE

A workable succession plan begins with an accurate picture of ownership, governance, key agreements, debt, and decision-making authority.

Area	Current Arrangement	Document Location	Person Responsible	Action Needed
Legal entity and ownership				
Operating or partnership agreement				
Corporate records				
Licenses and registrations				
Debt and personal guarantees				
Leases and major contracts				
Intellectual property				
Banking and signing authority				
Insurance policies				

3. IDENTIFY OWNERSHIP RIGHTS AND RESTRICTIONS

- ☐ All owners and ownership percentages are documented.
- ☐ Transfer restrictions and approval requirements are understood.
- ☐ Buy-sell or shareholder agreements have been located and reviewed.
- ☐ Rights triggered by death, disability, retirement, termination, or divorce are understood.
- ☐ Personal guarantees and collateral obligations have been identified.
- ☐ The plan reflects the governing documents and applicable law.

4. IDENTIFY POTENTIAL SUCCESSORS

Ownership and leadership do not always transfer to the same person. Evaluate who may own the business, who may lead it, and what preparation each person would need.

Candidate	Potential Role	Interest Level	Current Readiness	Development Needed	Decision Date

5. BUILD A LEADERSHIP DEVELOPMENT PLAN

Critical Responsibility	Current Leader	Backup or Successor	Training Needed	Target Completion
Strategic decisions				
Financial oversight				
Customer relationships				
Employee leadership				
Operations				
Sales and marketing				
Vendor relationships				
Compliance or licensing				

READINESS QUESTIONS

- ☐ Does the successor have the ability, willingness, and authority to serve?
- ☐ Have expectations been discussed directly?
- ☐ Is there a development timeline with measurable milestones?
- ☐ Can the business operate if the chosen successor is unavailable?

6. COMPARE POSSIBLE TRANSITION PATHS

The best path depends on the owner's goals, the business, available successors, financing, tax considerations, and market conditions. More than one option may need to remain available.

Transition Path	Potential Advantages	Questions or Risks	Funding Source	Professional Review
Transfer to family				
Sale to co-owner				
Sale to employees or management				
Sale to outside buyer				
Gradual ownership transfer				
Orderly closure				

7. PREPARE FOR BUSINESS VALUATION

A current valuation can support negotiations, ownership transfers, insurance planning, estate planning, and funding decisions. Valuation conclusions may differ depending on purpose, timing, assumptions, and method.

- ☐ Clarify why the valuation is needed.
- ☐ Gather current and historical financial statements and tax returns.
- ☐ Identify recurring revenue, customer concentration, key-person dependence, and unusual expenses.
- ☐ Document tangible assets, debt, intellectual property, contracts, and other value drivers.
- ☐ Engage a qualified valuation professional when appropriate.
- ☐ Establish a schedule for updating the valuation.

Valuation Date	Purpose	Professional	Estimated Value or Range	Next Update

8. EVALUATE HOW THE TRANSITION COULD BE FUNDED

A succession agreement is only practical when the buyer, business, or family can meet the financial obligations it creates. Funding should be evaluated before the transition is required.

Funding Need	Estimated Amount	Possible Source	Timing	Risk or Limitation	Advisor
Owner purchase price					
Death buyout					
Disability buyout					
Debt repayment					
Working capital					
Taxes and transaction costs					
Key employee retention					
Family income replacement					

POSSIBLE FUNDING SOURCES TO EVALUATE

- ☐ Buyer cash or personal resources
- ☐ Installment payments or seller financing
- ☐ Business cash flow or reserves
- ☐ Commercial financing
- ☐ Life or disability insurance designed for an appropriate business need
- ☐ Outside investors or strategic buyer resources
- ☐ A combination of funding approaches

9. COORDINATE THE OWNER’S PERSONAL FINANCIAL PLAN

- ☐ Estimate the income the owner will need after the transition.
- ☐ Clarify whether sale proceeds are expected to fund retirement.
- ☐ Review personal liquidity, debt, insurance, taxes, and estate objectives.
- ☐ Separate business value from personal financial assets and cash flow.
- ☐ Consider the financial effect on a spouse, family, or other dependents.
- ☐ Develop a contingency plan if the transaction value or timing changes.

10. PREPARE FOR AN UNEXPECTED ABSENCE

A long-term succession plan should be supported by an immediate continuity plan. The business may need to function before ownership or long-term leadership questions are resolved.

Continuity Need	Primary Person	Backup Person	Authority Documented?	Instructions Location	Gap
Payroll and banking					
Customer communication					
Employee decisions					
Vendor and contract management					
Technology and cybersecurity					
Licensing and compliance					
Debt and insurance matters					
Facilities and property					
Family and ownership communication					

11. REDUCE KEY-PERSON DEPENDENCE

☐ Critical procedures are documented.
☐ Important relationships are shared with more than one person.
☐ Passwords and digital access are stored securely and can be accessed appropriately.
☐ A backup exists for financial, operational, and compliance responsibilities.
☐ Key employees have retention and transition expectations.
☐ The business has sufficient liquidity for a temporary disruption.

12. COORDINATE PROFESSIONAL REVIEW

Ownership transfers can affect contracts, taxes, employee obligations, insurance, lending, estate planning, and regulatory requirements. Professional advice should be coordinated before agreements are signed or assets are transferred.

Professional	Primary Questions	Documents to Review	Date Consulted	Next Step
Business attorney				
CPA or tax professional				
Financial planner				
Valuation professional				
Insurance professional				
Lender or transaction advisor				
Estate-planning attorney				

13. CREATE A COMMUNICATION PLAN

Audience	What They Need to Know	When to Communicate	Who Communicates	Confidentiality
Co-owners				
Family members				
Successor leadership				
Key employees				
All employees				
Customers and vendors				
Lenders and advisors				

☐ Separate confirmed decisions from possibilities.

☐ Avoid promises that have not been documented or funded.

☐ Communicate enough to reduce uncertainty while protecting confidential information.

☐ Prepare consistent messages for employees, customers, and external partners.

14. BUILD YOUR SUCCESSION ACTION PLAN

Action Item	Person Responsible	Professional Involved	Target Date	Priority	Status / Notes

15. REVIEW TRIGGERS

- ☐ A change in ownership, leadership, or key employees
- ☐ Marriage, divorce, birth, disability, or death affecting an owner or successor
- ☐ A major change in business value, profitability, debt, or liquidity
- ☐ New financing, personal guarantees, contracts, or business locations
- ☐ A change in tax law, legal structure, licensing, or regulatory obligations
- ☐ A proposed sale, merger, acquisition, or outside investment
- ☐ A change in the owner’s retirement, estate, or family objectives
- ☐ At least once each year, even when no major change has occurred

QUESTIONS FOR YOUR NEXT PROFESSIONAL CONVERSATION

- ☐ Which transition paths are realistic for this business and its owners?
- ☐ How should the business be valued for the intended purpose?
- ☐ Are the governing documents, buy-sell terms, and funding arrangements aligned?
- ☐ What legal, tax, lending, insurance, and estate-planning issues require coordination?
- ☐ Can the business operate during an unexpected owner absence?
- ☐ How will the transition support the owner’s personal financial needs?

EDUCATIONAL DISCLOSURE

This guide is provided for educational and organizational purposes only. It is not individualized financial, investment, insurance, tax, legal, valuation, lending, transaction, or business advice. Business structures, agreements, tax rules, financing terms, insurance features, and legal requirements vary by jurisdiction and circumstance.

Consult qualified legal, tax, valuation, financial, insurance, lending, and other appropriate professionals before creating, funding, changing, or implementing a succession plan. Insurance products are issued by unaffiliated insurance companies, and guarantees depend on the claims-paying ability of the issuing insurer. Product features and suitability vary.